RETAIL BANKING

Tough Market: 67% of Americans Now Believe Homeownership is an Unrealistic Milestone for Young People

Survey: Despite the challenges, nearly half (49%) plan to buy a home in the next five years, led by Gen Z and Millennials

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Americans are well aware that buying a home these days is tough. With low inventory, high interest rates and soaring home prices, the overwhelming majority (89%) of Americans face financial barriers that could threaten their dreams of homeownership, according to a recent survey* conducted by Wakefield Research on behalf of Citi.

Despite these challenges, Citi finds for the second year in a row that many Americans remain determined to pursue homeownership with nearly half (49%) planning to buy a home in the next five years. Younger generations are leading this pursuit, with more than 2 in 3 Gen Zers (70%) and nearly as many Millennials (63%) planning to buy a home in the next five years.

Next Gen Buyers

There's a good reason so many young people are adding homeownership to their five-year plans: 84% of current homeowners agree owning a home is still one of the best ways to build wealth.

Still, there's a wide generational gap in attitudes toward the financial benefits of homeownership: 87% of Boomers and 83% of Gen X believe homeownership is still one of the best ways to build wealth compared to 77% of Millennials and 65% of Gen Z. This divide might be related to the uphill climb younger Americans face in the market: 35% of Gen Z and 28% of Millennials are most likely to be held back from buying a home because they feel they may never be able to afford one.

The new 'sandwich generation'

Although Gen X has long carried the financial stress of caring for their children while also providing for their aging parents, these "sandwich generation" financial concerns are now passing to Millennials, according to the research. When asked what factors would be most likely to keep them from buying a home, nearly 1 in 5 (18%) of Millennial respondents between the ages of 28-43 cited caring for children and aging parents as their top concern. This figure is 10% higher than Gen X and all other respondents.

Priorities

Younger Americans are also rethinking what milestones they want to achieve before owning a home. 43% of Gen Z say getting married or starting a family is an important milestone to accomplish before buying a home, compared to 33% of Millennials, 30% of Gen X and 26% Boomers.

By contrast, older generations place more importance on being financially ready to take on homeownership. 51% of Millennials, 61% of Gen X, and 58% of Boomers believe paying off other debts is an important milestone to accomplish before buying a home, compared to only 41% of Gen Z. At the same time, 63% of Millennials, 67% of Gen X, and 63% of Boomers say reaching a comfortable income level should come first, compared to only 54% of Gen Z.

Homeownership "Hacks"

To overcome barriers like rising home prices and high interest rates, Gen Z are getting creative and considering 'hacks' that could help make homeownership attainable or help them purchase a home sooner rather than later.

- 60% of Gen Z would consider getting help from family with a joint mortgage, asking family to move in and contribute to mortgage payments, or hitting up family for help with the down payment (versus 42% of all respondents).
- In fact, Gen Z are more willing than all respondents to entertain any hack presented to them to get into a home except one: D.I.Y. home improvements. Gen Z is the least likely to buy a fixer upper and do the work themselves to save on housing costs (26% of Gen Z versus 33% of all respondents).

Additional Insights from the Survey

View the full survey results here

You Might be Closer to Owning a Home Than You Think

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*Methodology

Demographics:
Gen Z: 18-27
Millennial: 28-43
Gen X: 44-59
Boomer: 60-78
Silent: 79-99

The Citi Homebuying Survey was conducted by Wakefield Research among 1,000 Nationally Representative US Adults Ages 18+, and 500 respondents in each of the following DMAs: Los Angeles, CA; SF/Oakland/San Jose, CA; New York, NY, between June 10th and June 16th, 2024, using an email invitation and an online survey.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points in the main sample, 4.4 percentage points in each DMA from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

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